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Director of Central Intelligence

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A Possible Shift in Soviet National Priorities— The Food Program

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A Preliminary Analysis Report

Scientific and Technical Intelligence Committee

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Note to Readers

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The current STIC Chairman, members, and associate member are:

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Chairman's Foreword

This report presents the preliminary analysis of a potential shift in Soviet priorities, elevating the agricultural sector to a level more competitive with the military sector. This preliminary analysis represents the opinion of the Scientific and Technical Intelligence Committee; individual analysts may hold differing views. If this shift can in fact be implemented by the Soviets, then we can expect far-reaching effects in traditional resource allocation patterns. The STIC is interested in policy issues such as this one because understanding these issues helps us to forecast the level of Soviet effort in developing new technologies for future weapons systems. The STIC also has a significant interest in emerging technologies that could be emphasized in the "Food Program." [redacted] 25X1

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Preface

This report was prepared by the STIC's Soviet R&D Process and Resources Working Group to alert the Intelligence Community to a possible shift in Soviet national priorities and to suggest that the Community watch for cutbacks or slowdowns in military-industrial activity, such as capital construction, research and development, or production. The "Food Program" appears to be a serious attempt to solve the agricultural problem through the application of techniques that have proved successful in the military sector. This paper discusses this program and the reasons it may impact the military. Questions concerning this paper may be directed to the Working Group Chairman [redacted] 25X1
US Army Foreign Science and Technology Center, telephone (804) 296-5171 x583. The principal author of this report is [redacted] 25X1

Members of the Working Group are:

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A Possible Shift in Soviet National Priorities—The Food Program

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For nearly half a century the Soviet's military-industrial sector has been accorded number-one priority in resource allocation, including capital, people, and bureaucratic precedence. Until very recently, US analysts expected this to remain true. Recent evidence, however, brings this view into question and suggests that the Soviets may be attempting to reorder the traditional pattern, giving greater priority than before to the agricultural sector.

It is now clear that these incidents are a result of a major policy initiative in the field of agriculture unveiled by a special session of the Communist Party of the Soviet Union (CPSU) Central Committee on 24 May 1982. Although the evidence remains incomplete, it is now apparent that the two traditional requirements for priority resource allocation in the Soviet system have already been met; namely, high-level political backing and the creation of a supraministerial structure to manage the program. To put these developments in the context necessary to assess their potential impact on military development and procurement requires a review of the events during the 10 months following the official announcement of the Food Program.

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First promised 15 months before at another special meeting of the Central Committee, the Food Program was introduced by Brezhnev as "a radical turn toward increasing the food supply." Just how radical the change in direction was indicated by Brezhnev's statement that the Food Program has "not only top economic priority, but is an urgent sociopolitical task." Exactly what "top priority" meant was not elaborated, but Brezhnev was frank to admit that the program "proceeds from the need to reduce imports of foodstuffs from Western countries." Although the US grain embargo was not mentioned, Brezhnev took the line that the needs of the country demand that "we should have adequate food and fodder resources of our own to put us beyond chance."

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Organizationally, the Food Program has led to major structural changes at several strata. New combines known as Rayon Agro-Industrial Production Associations (RAPO) are being established at a local level linking commodities producers, storage, transport, and processing more efficiently. At the same time, a number of production scientific associations for narrowly specialized activities such as pig raising and beekeeping are being abolished to end the "unjustified splintering of administration at the Rayon and oblast level." In other words, at the localities, geographic integration—not product specialization—is now being emphasized.

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Brezhnev also noted in his speech that for the first time the agro-industrial complex is being singled out as an independent unit of planning. What exactly this

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might mean was indicated by the Council of Ministers' recent establishment of a Commission on the Problems of the Agro-Industrial Complex (APK), apparently to function at the same level as the Military-Industrial Commission (VPK). Here and in the formation of vertically integrated agro-industrial associations the Soviets appear to be taking their own oft-repeated advice and attempting to apply the Military Industrial Commission model to other critical problems of the economy.

There is ample reason to believe that the Soviets do perceive their agricultural situation as critical. As a share of total investment, agriculture has claimed a substantial 27 percent over the last 10 years, far more than any developed country. Despite these massive inputs, however, agricultural output has stagnated in recent years. Problems of climate, soil erosion, overcentralization, inappropriate mechanization and fertilization, poor seed and pesticide R&D all combine to presage long-term dependence on food imports, so long as the Soviet Union remains committed to steady improvements in the national diet.

Not only is the USSR now the world's largest importer of both grain and meat, but in the past few years it has also relied on the import of substantial quantities of butter, vegetable oil, soybeans, and soybean meal to keep consumption of quality food from declining. By 1981 the hard currency cost of agricultural imports had soared to a record $12 billion. The hard currency value of imports in 1982 is estimated to have fallen to $10 billion. The drop was largely because of lower world agricultural prices, although demands for farm products such as grain and meat also declined. Improved agriculture performance in 1982 has enabled the USSR to cut imports even more this year. Nevertheless, imports of farm products continue to be a financial drain. In certain cases, the magnitude of products involved is staggering, with the nearly 42 million tons of grain imported in 1981 amounting to four times the tonnage brought in by India during the 1966-67 food crisis.

The Soviets perceive this tremendous shortfall, along with the almost $7 billion required yearly to pay for it, as a significant strategic weakness. They believe a day-to-day dependency, if not eliminated, will compromise their freedom of action indefinitely.

In spite of the fanfare attached to it, the introduction of the Food Program did not receive much attention from the US and Western press, which concentrated instead on the elevation the next day (May 26) of Yuri Andropov to party Secretary of the Central Committee, thus putting him in line to succeed Brezhnev. It is important to note, however, that both Andropov and his major rival for power, Konstantin Chernenko, have shown themselves to be supporters of the Food Program; the former, in particular, doing nothing to lower the program's status since his accession to First Party Secretary. Further high-level backing for the Food Program can be detected in the continuing prominence of Mikhail Gorbachev (reputedly a proponent of even more radical rural reforms) as both a CPSU party secretary and a full member of the Politburo.

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Yet, in the realm of personal politics, the Food Program has resulted in both losers and winners. In December 1982, the administrators of two notorious bottlenecks in food production, the Minister of Railways and the Minister of Rural Construction, were both dismissed from their posts. They were joined two and a half months later by the First Deputy Minister of Machine Building for Light and Food Industry, who was fired in disgrace for building a dacha with state funds. In addition, on March 28, the official news media announced that three first deputy ministers heading the meat, milk, and packing industries had been given severe warnings and told to improve performance or be held personally accountable.

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On the other hand, on 22 November 1982 (the date of Andropov's formal elevation as party chief) brought the promotions of Geidar Aliyev to First Deputy Chairman of the Council of Ministers and full Politburo membership and Nikolay Ryzhkov to Secretary of the Central Committee. While Ryzhkov is known primarily as a technocrat, Aliyev's tenure as party chief of Azerbaijan was marked by considerable agricultural success. Also, it is notable that his position on the Council of Ministers put him directly above the newly formed Agro-Industrial Commission. While there is no direct proof of his administrative

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involvement, he did speak with considerable assurance when asked by a delegation from Baku as to how the Brezhnev initiatives would be put into practice. "These things we already did months ago in Azerbaijan," he replied.

By early fall 1982, this confidence was reflected in evidence of the Food Program across a wide spectrum of activities. At the Politburo level the new policy of announcing in *Pravda* the topics of discussion at regular meetings indicated that, apart from foreign policy issues, agriculture and food have appeared most frequently on recent agendas, with specific references being made to the Food Program, the provision of equipment to the food industry, preparation for spring sowing, and the work of the new agro-industrial associations. Perhaps more significantly, on 10 March the Politburo announced major changes in local agricultural contracting procedures as part of the Food Program. Expounding on the system a week later, Mikhail Gorbachev indicated that the program is aimed at the voluntary creation of a collective contract system in order to increase cost accountability at the micro-management level and to give workers a larger stake in the size of the harvest. This is a 1960's experimental concept that is now being applied comprehensively.

Meanwhile, through the fall a number of articles in *Kommunist Vooruzhennykh SIL* indicated that the armed forces were in no way exempted from the program and that the Soviet army, in support of "the historic decision of the May plenum" was expanding its own efforts at food production. The impact of the Food Program on the military was further evidenced on 28 October 1982 (the 20th anniversary of Krushchev's capitulation in the Cuban missile crisis) when Brezhnev invited 500 generals to what would prove to be his last major political speech. While the speech was reported as "truculent" and promising the military "everything they wanted," the actual text appears somewhat different. In addition to ratifying the necessity to "perfect combat readiness in an extremely responsible way" and operating "with due account of the latest achievement in science and the art of war," Brezhnev also noted that "we attach exceptional importance to the Food Program adopted at the May plenum." Although warning his audience that a lag in military technology was inexcusable, he also exhorted his generals to "wield weapons in a masterful way," making use of their full combat possibilities. Whether the statement and the speech in general should be taken as an admonition to make do cannot be said with certainty; yet its timing and content could lead to this conclusion.

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Possibly related to these issues is the appearance of a series of speeches and articles by military leaders in the Soviet press commemorating the 65th anniversary of Army-Navy Day (23 February), and apparently reflecting some conflict over the sufficiency of military resources. On one side, Admiral Gorshkov, Commander in Chief (CINC) of the Soviet Navy, Marshal Viktor Kulikov, CINC of the Warsaw Pact, and Gen. A. Yepishev, Chief of the Main Political District of the Army and Navy, all maintained that the international situation demanded continued increases in resource commitments for defense. On the other hand, Marshal N. V. Ogarkov, Chief of the General Staff, army Gen. Vasiliy Petrov, CINC of the Ground Forces, Gen. V. F. Tolubko, CINC of the Strategic Rocket Forces, and Marshal P. Kutakhov, CINC of the Air Forces, seemed more conservative, stating that the army and Navy are now equipped with everything necessary for implementing their responsible tasks. In what may or may not be a related move, it was announced in *Krasnaya Zvezda* on 26 March that both General Petrov and General Tolubko were among a group of four officers promoted to Marshal of the Soviet Union.

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At this date the ultimate meaning of the Food Program for the future of the Soviet military remains unclear. It is apparent that the army has made the commitment to raise more of its own food and that additional military assets, especially personnel and transport, will be used to help with the harvest.

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If this did eventually prove to be the case, however, it would require extensive analysis to judge how much and what parts of the military-industrial network could be devoted to agro-industrial purposes. The difficulty of such a task is illustrated by the Ground Forces area where a good deal of armored vehicle development and production capacity is compatible with the manufacture of trucks, rail equipment, and agricultural machinery—all items in short supply and of relevance to the Food Program.

Thus, even in an environment of shrinking military-industrial resources, such plants might continue to expand. Understanding this and other phenomena would require a clear concept of what was being done and where, information that can only be derived from microanalysis of the facilities. Similarly, the relationship between fertilizer and ammunition production and insecticide and chemical/biological warfare R&D would also appear to require the same kind of microanalytically derived conclusions, which could then be fit into a larger framework.

Meanwhile, relating the Food Program to broad Soviet goals and objectives remains a thorny and politically controversial topic. It is important not to confuse prospects for success with intentions. Just because the program seems to us to have a low prospect for success does not mean that the Soviets are not serious about it or willing to reorder their priorities.

It has been said that the military-industrial model is simply not appropriate for an economic sector already suffering from overcentralization. This may be true, but it is also true that certain elements of the problem, such as massive food imports, may be best approached from a centralized perspective, which takes full account of broad strategic interests. In this regard, it seems notable that, since the United States resumed grain sales, the Soviets appear to be making every effort to keep their purchases down to the 8-million-ton agreed minimum, while at the same time diversifying consumption among as many other external sources as possible; this would put them in a position to blunt the impact of a future embargo.

This outlook, with its emphasis on strategic advantage, could also help explain other anomalies in the Food Program, particularly the absence of reported investment increases of a sufficient magnitude to indicate a major watershed in Soviet priorities. But if the military-industrial model has been adopted and the Soviets do see food primarily as a strategic problem, it may be that published investment data has no more relevance to actual budgets than published defense spending has to real military outlays. If the Soviets do see food as a prime national weakness, they seem unlikely to give us gratuitous insights into the magnitude of the problem. If, however, this is not the case and published figures are in fact correct, there is still the possibility, however remote, that a simple change in priorities could improve the agricultural sector. An example of how this might work is supplied by the recent Decree on Tractor Production (*Pravda,* 15 April 1983) directing ministries typically enjoying high priority (aviation, instrument making and control systems, and petroleum machine building) to improve the quality of materials and subassemblies to be delivered to the Ministry of Tractor and Agricultural Machine Building in the 1984-90 time frame.

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